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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001383

SIPDIS

ENERGY FOR ALOCKWOOD AND LEINSTEIN, DOE/EIA FOR MCLINE  
HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR MKACZMAREK  
COMMERCE FOR 4332/MAC/WH/JLAO  
NSC FOR DRESTREPO AND LROSSELLO

E.O. 12958: DECL: 10/28/2019  
TAGS: [EPET](#) [EINV](#) [ENRG](#) [ECON](#) [VE](#)  
SUBJECT: VENEZUELA: WORLD HEAVY OIL CONFERENCE MOVED AT  
LAST SECOND

REF: A. CARACAS 1284  
[1](#)B. CARACAS 1334

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Classified By: Economic Counselor Darnall Steuart, for reasons  
1.4 (b) and (d).

[1](#)1. (SBU) SUMMARY: The Bolivarian Republic of Venezuela (GBRV) announced on October 27, 2009, that the November 2-5 third World Heavy Oil Conference had been moved from Puerto La Cruz to the Island of Margarita. Citing electricity problems in Puerto La Cruz, the GBRV announced the conference (reportedly one year in the planning) would take place in the recently expropriated Hilton Margarita. The change in venue is causing logistical problems for conference participants and might affect participation as the exhibitors attempt to move resources to the island. End Summary.

[1](#)2. (SBU) On October 27, 2009, the Bolivarian Republic of Venezuela (GBRV) announced that the World Heavy Oil Congress (WHOC), to be held in Puerto La Cruz, Venezuela, from November 2-5 would be relocated to Margarita Island. The GBRV claimed that electricity supply problems in Puerto La Cruz prompted the last-minute decision to move it to the Hotel Margarita Hilton (NOTE: This is the hotel that President Chavez expropriated on October 14 following the September 26-27 Africa-South America Summit (Reftels). END NOTE.) According to an e-mail notice sent by the Canadian conference organizer, DMG World Media, the GBRV-owned airline Conviasa would provide complimentary flights for all international WHOC delegates between Maiquetia (Caracas International Airport) and Margarita Island. Additionally, all hotel reservations had been transferred from the three hotels involved in hosting the conference on the mainland to the Hilton.

[1](#)3. (SBU) BACKGROUND: China hosted the inaugural WHOC in 2006. Venezuela has been planning this conference since the March 2008 WHOC hosted by Canada that included over 2,000 international delegates from over 50 countries. Originally, this conference was scheduled to take place in Puerto Ordaz in Bolivar State, near the site envisioned for greenfield development of the extra heavy crude upgraders to be associated with the Carabobo Round projects. Citing a desire to move the WHOC to a venue with better hotels and amenities

and one that was a major oil and gas business center with several refineries in close proximity, GBRV authorities announced in early summer 2009 that the conference had been moved to Puerto La Cruz.

¶4. (C) Margarita Arango (protect throughout), Chevron's Manager of Policy and Government Affairs, told Petroleum Attache (PetAtt) on October 27, that event organizers indicated that in addition to more reliable electricity, the facility in Margarita would be larger and better and there would be improved security for conference participants. She noted that Chevron was working with its contractors who had already begun construction of Chevron's exhibitions in Puerto La Cruz, to transport all of the material to Margarita Island and complete construction there. Additionally, as Chevron does not allow any expatriate employees to drive themselves in Venezuela nor to use public transportation or taxis, the company was arranging to move its fleet of vehicles already pre-positioned in Puerto La Cruz to the island.

¶5. (C) According to Arango, as of October 28, Chevron was unable to confirm any hotel rooms at the Hilton Margarita because state-owned PDVSA had "locked them all up." Hotel employees are waiting for GBRV authorities to provide guidance on the distribution of hotel rooms. As a back up, Chevron has reserved 40 rooms at the Samanna Hotel. She also confirmed that in the case of an electrical problem on the island, the Margarita Hilton has several large power generators that will provide enough electricity to power one light in each hotel room and will provide uninterrupted service to the hotel's kitchen and common areas. (NOTE: The GBRV expropriated the Maremares Hotel in Puerto La Cruz in March 2009. END NOTE.)

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¶6. (C) Five days before the start of the conference, reaction from planned attendees has been mixed. Jim Vidrine (protect), Country Manager for U.S. oil services company, Weatherford (a WHOC sponsor) will not make the trip to Margarita. He agreed to participate when the conference was going to take place near Weatherford's Venezuela headquarters. Remulo Romero (protect), Halliburton's PDVSA account manager, told PetAtt that the U.S. oil services firm is having trouble relocating its exhibition stand to Margarita Island and that it also has been unable to confirm hotel rooms for its employees. BP President for Venezuela and Colombia Joe Perez (protect) told Petatt that BP is an event sponsor but not an exhibitor due to logistical challenges encountered when the conference was scheduled for Puerto La Cruz. BP, he added, has about ten employees attending from several countries to make technical presentations and that the logistics of the venue change are "a bit of a problem."

¶7. (C) COMMENT: The GBRV agreed to host this world-class event to showcase its continued development of the Orinoco heavy oil belt. After two venue changes, the last coming within a week of the event's launch, it is hard to imagine that it will be a success. Delegations that attended the Africa-South America Summit a month ago complained about the logistics of the event held at the Hilton, a private hotel. It is unlikely that logistics management at the newly expropriated hotel is going to be any better. END COMMENT.  
DUDDY